

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 SSO-00 AID-05 CIAE-00 INR-10
NSAE-00 INRE-00 L-03 SP-02 INT-05 DOE-15 SOE-02
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O 201306Z APR 78
FM AMEMBASSY LAGOS
TO USDOC WASHDC IMMEDIATE
INFO SECSTATE WASHDC IMMEDIATE 8015
AMCONSUL IBADAN
AMCONSUL KADUNA

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USDOC FOR BED/OED/SIPS/STRAUSS LEON

E.O. 11652: N/A
TAGS: BEXP, ENRG, EAGR, NI, US
SUBJECT: NIGERIA POSSIBLY CONSIDERING CRUDE OIL BARTER DEAL IN
RETURN FOR AGRICULTURAL MACHINERY

1. EMBASSY WOULD APPRECIATE USDOC/SIPS TELEPHONING A MRQGAUCLAIR
OF LEON TEMPELSMAN & SONS, 529 FIFTH AVENUE, NEW YORK, TELEPHONE
NU 7-6920, TO ASK HIM TO PASS FOLLOWING MESSAGE TO GEORGE
MANKOWSKI PRIOR TO HIS RETURN TO NIGERIA.

2. MR. AJAGBE ASKED EMBASSY PETROLEUM OFFICER TO INFORM YOU THAT
PERMANENT SECRETARY OF MINISTRY OF ECONOMIC DEVELOPMENT (MED)
HAS TOLD HIM UNOFFICIALLY THAT FMG WISHES TO OBTAIN AGRICULTURAL
MACHINERY IN RETURN FOR CRUDE OIL IN BARTER DEAL WHICH YOU HAVE
BEEN DISCUSSING WITH THEM. MED WISHES TEMPELSMAN TO GATHER
TOGETHER AS SOON AS POSSIBLE DESCRIPTIVE LITERATURE ON ALL KINDS
OF AGRICULTURAL EQUIPMENT FROM SIMPLE ONE MAN PLOWS TO COMPLEX,
ADVANCED MACHINERY SUCH AS SEEDERS, SPRAYERS, THRESHERS,
HARVESTERS, LARGE EARTHMOVING EQUIPMENT AND IRRIGATION EQUIP-
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MENT. EQUIPMENT WILL BE USED FOR BOTH CULTIVATION OF GRAIN
AND RAISING POULTRY AND LIVESTOCK, AND WILL BE DISTRIBUTED
AMONG ALL 19 STATES AS PART OF OPERATION FEED THE NATION AND
NATION*~~L~~ ACCELERATED FOOD PRODUCTION PROGRAM. FMG WILL PRE-
PARE SHOPPING LIST AFTER LOOKING OVER LITERATURE AND WILL
THEN DESIRE THAT YOU OBTAIN PRECISE FIGURES ON QUANTITIES OF
CRUDE OIL REQUIRED TO OFFSET COST OF EQUIPMENT, AS WELL AS

SCHEDULES FOR DELIVERY OF EQUIPMENT VERSUS LIFTING OF CRUDE. AJAGBE HOPES THAT MANKOWSKI CAN START BALL ROLLING ON THIS BEFORE HIS RETURN, SUGGESTS THAT LITERATURE WHEN COLLECTED BE RUSHED TO LAGOS VIA WORLD COURIER SERVICE. MED IS HANDLING MATTER.

3. FYI FOR BACKGROUND INFORMATION OF DEPARTMENT, WHEN TEMPELSMAN REPRESENTATIVE MANKOWSKI WAS IN LAGOS SEVERAL MONTHS AGO SCOUTING OUT POSSIBLE BUSINESS OPPORTUNITIES FOR FIRM IN NIGERIA, EMBASSY PETROLEUM OFFICER NOTED FROM HAND-OUT THAT TEMPELSMAN HAD EXPERIENCE IN BARTER DEALS AND SUGGESTED THAT, IN VIEW OF OVER PRICED CONDITION OF NIGERIAN CRUDE AND FALLING EXPORTS, TEMPELSMAN MIGHT POSSIBLY WANT TO EXPLORE BARTER CONCEPT WITH FMG. TEMPELSMAN HIMSELF APPARENTLY GAVE GREEN LIGHT AND SENIOR REPRESENTATIVE MARC GARCIA VISITED LAGOS IN THIS ECONNCTION. MANKOWSKI HAS SPENT PAST FIVE MONTHS ATTEMPTING ESTABLISH DISCREET CONTACTS WHO COULD BRING PROPOSAL TO ATTENTION OF CHIEF OF STAFF YAR'ADUA AND COMMISSIONERS OF FINANCE, ECONOMIC DEVELOPMENT, TRADE AND PETROLEUM. MANKOWSKI SAID HE HAD SUCCEEDED IN OPENING CHANNELS DIRECTLY TO YAR'ADUA AND FINANCE COMMISSIONER OLULEYE THROUGH POLITICAL DEPARTMENT OF CABINET OFFICE, AND THAT BARTER IDEA HAD BEEN APPROVED IN PRINCIPLE BY FMG. PETROLEUM OFFICER HAS REFRAINED FROM REPORTING TEMPELSMAN FEELERS ON BARTER SINCE NOTHING CONCRETE HAD RESULTED. IT STILL TOO EARLY TO TELL WHETHER THIS WILL REALLY LEAD TO ANYTHING. HOWEVER, IT DOES LIMITED OFFICIAL USE

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APPEAR THAT STARK REALITY OF PLUMMETING OIL REVENUES HAS FORCED FMG TO RECONSIDER ITS PREVIOUS ANTIPATHY TO BARTER CONCEPT. FMT HAS BEEN ASKING AMERICAN AND OTHER CONTRACTORS TO ACCEPT CRUDE OIL IN PAYMENT OF INVOICES. EXPATRIATE FMG OFFICIAL HAS ALSO RAISED POSSIBILITY OF CORPS OF ENGINEERS ACCEPTING PAYMENT IN OIL (SEE LAGOS 4645). BARTER CONCEPT MAY APPEAL TO FMG AS A MEANS OF REVIVING CRUDE OIL SALES WITHOUT HAVING TO OFFICIALLY LOWER PRICES AGAIN AND RUN RISK OF PRICE WAR WITH ALGERIA AND LIBYA. SHOULD AGRICULTURAL EQUIPMENT DEAL ACTUALLY MATERIALIZE, IT WOULD REPRESENT SUBSTANTIAL EXPORT COUP FOR U.S. MANUFACTURERS SINCE MED IS THINKING IN TERMS OF SUPPLYING TOTAL EQUIPMENT NEEDS OF ALL NINETEEN STATES. POSSIBLY USDOC CAN ASSIT TEMPELSMAN IN PULLING TOGETHER EQUIPMENT LITERATURE NEEDED TO SATISFY MED REQUEST. EMBASSY WILL KEEP DEPARTMENT INFORMED OF ANY SIGNIFICANT PROGRESS WITH BARTER DEAL.
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Message Attributes

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Decaption Date: 01 jan 1960
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Disposition Case Number: n/a
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Disposition History: n/a
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